

Overview of Statistical Process on Overearnings

AT&T conducted three analyses of the relationship between LEC projected rates of return and LEC actual rates of return. These analyses, outlined below, indicate that NECA, Virgin Islands Telephone Corporation, ALLTEL of Arkansas, Florida, Missouri, New York and Oklahoma, John Staurulakis Incorporated, and Concord Telephone Company consistently produced rates of return that exceeded the targeted rate of return.

AT&T first graphed the differences between the projected annual rates of return and the actual rate of return reported by the LEC. A simple visual look at the data clearly indicates that certain LECs, including NECA (and others, see Exhibit A) consistently generated rates of return that exceed 11.25%. The visual test is also used to determine whether additional statistical tests are necessary. The additional tests outlined below, test whether it is likely that the projected revenue requirement would consistently achieve returns greater than 11.25%.

The first test is intended to evaluate whether a LEC's rate of return projections are unbiased. An unbiased process would be expected to produce returns that are both above and below the target return, which is 11.25%. The initial test evaluates the likelihood that a set of forecasts would be expected to consistently exceed or under estimate an actual level. Of the LECs analyzed four under forecast their switched rate of return over all periods for which data was available and six under forecast their special rate of return

over all periods.¹ This data indicates that some LECs produced returns that exceeded the target rate of return in more years than chance would reasonably allow. The probability that a LEC would set its rates to exceed the target rate 10 periods in a row is $(1/2)^{10}$. For example, NECA exceeded its traffic sensitive target rate of return in all 10 years that AT&T studied. The probability that an unbiased process, that is, one that would project rates of return on the average at the 11.25% target is only $(1/2)^{10}$, or 0.03%.

To better understand whether the forecasts are biased and to derive an estimate of the expected bias AT&T also tested the difference of the means. Specifically, AT&T looked at the differences between the actual rates of return and the targeted rate. In the absence of bias these differences should not statistically differ from zero. The test hypothesis is that the average difference between two means is zero.² The t-statistic calculated from

¹ AT&T used the final data from FCC Form 492 where available to obtain the returns for each period when the LEC provided each year's return. Where the data was not provided by year AT&T derived the annual data. Specifically, the returns for the odd years were taken from the 492 reports filed on or about March 31st of each even year, e.g., 1999 returns were taken from the report filed in 2000. The even year return data was calculated based on the difference between the operating revenues, expenses and average net investment on the final form 492 (which includes two years' data) and the report that contains only the annual data.

² The t-test is performed on the differences between the observed rates of return and the target return, d_i . The average of the differences, D , and then the average's standard deviation, s_D , are found. The standard deviation of the average differences is found by first calculating the standard deviation of the differences,

$$s_d = \sqrt{\sum (d_i - D) / (n-1)},$$

and then calculating the corresponding standard deviation of the average of the differences, s_D ,

$$s_D = s_d / \sqrt{n},$$

The t-statistic is calculated using the formula,

$$t = D / s_D.$$

the sample data can then be compared to the critical values of the one-tailed t-distribution at the 90% and 95% confidence levels. If the calculated t-statistic exceeds a critical value, then bias is likely with probability of the confidence level. As shown in Exhibit A, AT&T has calculated t-statistics that exceed these critical values for several LECs. This indicates that these LECs have a systematic upward bias in their projection process.

The t-tests provide a formal statistical confirmation of the visual view that some LECs consistently develop projected returns that exceed the authorized level. Further the t-test strengthens the evidence resulting from the simple test on the direction (over or under) of the projected rates of return.

This statistic is compared to the statistical t-distribution with degrees of freedom equal to the number of observation minus 1.

**Demonstration of Projection Bias
Rate of Return Companies
Switched Access**

A Company	Test 1			Test 2				
	B # of Observations	C # of Observations < 11.25%	D Probability of (# Observed in Column C) or Less < 0	E Average Rate of Return	F Standard Deviation of the Average Rate of Return	G Calculated t-statistic	H Critical t-statistic at 95% Confidence Level	I Significant Outlier
NECA	10	0	0.10%	12.85%	0.002961	5.397034	1.833	Yes
Alltel-Missouri	9	0	0.20%	13.66%	0.007315	3.291634	1.860	Yes
Alltel-New York	9	2	1.95%	14.38%	0.013505	2.314403	1.860	Yes
JSI - Concord	9	1	1.95%	17.85%	0.015948	4.139718	1.860	Yes

NOTES: Column D is the probability that the number of actual observations less than 0, or less than that number, are all less than 0.

For example, for Alltel-New York, the number of observations less than 0 is 2. The probability that 2 or less observations are less than 0, for an unbiased process, is given by the equation:

$$\Pr(2 \text{ or less observations} < 0) = \sum_{i=0}^2 \binom{9}{i} (0.5)^9 = \left(\frac{1}{2}\right)^9 \{1 + 9 + 36\} = 46 / 512 = 0.0898.$$

Column E is the simple average of a LECs rate of return. The average is derived by simply summing the Switched Access return identified for each observation and dividing by the number of observations.

**Demonstration of Projection Bias
Rate of Return Companies
Special Access**

A Company	Test 1			Test 2				
	B # of Observations	C # of Obs. < 11.25%	D Probability of (C) or less Obs < 0	E Average Rate of Return	F Standard Deviation of the Average Rate of Return	G Calculated t-statistic	H Critical t-statistic at 95% Confidence Level	I Significant Outlier
Virgin Islands	7	0	0.78%	16.91%	0.011934	4.745051	1.943	Yes
AllTel Arkansas	6	0	1.56%	12.54%	0.003942	3.276442	2.015	Yes
Alltel Florida	9	3	18.36%	16.31%	0.026534	1.907833	1.860	Yes
Alltel Missouri	9	1	1.95%	14.98%	0.013101	2.850525	1.860	Yes
Alltel Oklahoma	9	2	1.95%	15.88%	0.020998	2.202888	1.860	Yes
JSI - Concord	NOTES: Colu	1	1.95%	28.11%	0.036932	4.565197	1.860	Yes

NOTES: Column D is the probability that the number of actual observations less than 0, or less than that number are all less than 0.

For example, for Alltel-Oklahoma, the number of observations less than 0 is 2. The probability that 2 or

$$\Pr(2 \text{ or less observations} < 0) = \sum_{i=0}^2 \binom{9}{i} (0.5)^9 = (1/2)^9 \{1 + 9 + 36\} = 46 / 512 = 0.0898.$$

Column E is the

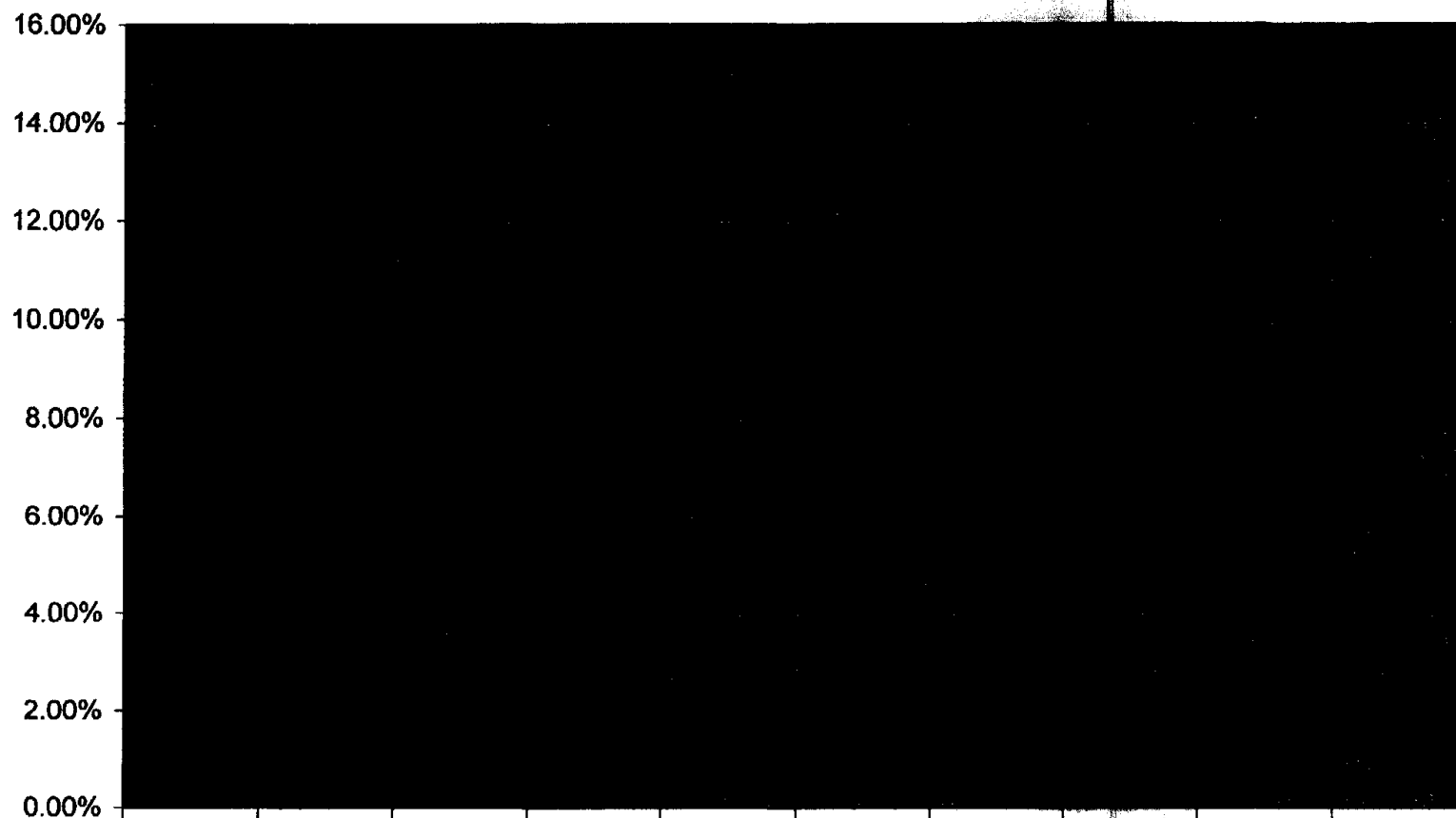
1	1.95%	28.11%	0.036932	4.565197	1.860	Yes
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Switched Access return identified for each observation and dividing by the number of observations.

Column E is the simple average of a LEC's rate of return. The average is derived by simply summing the Special Access return identified for each observation and dividing by the number of observations.

NECA Rate-of-Return
(FCC form 492 data)

Exhibit A-4

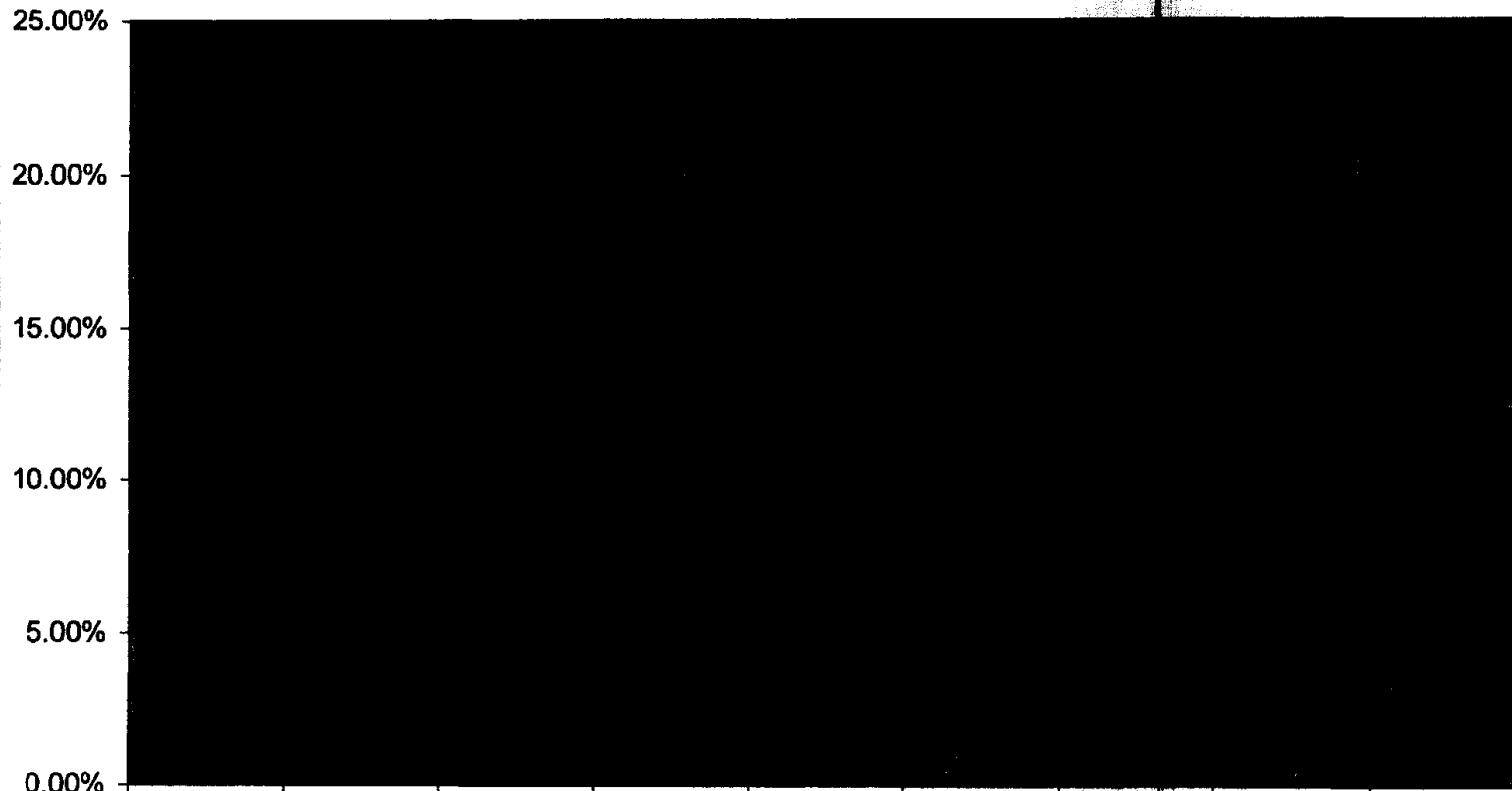


	1993-1994	1995	1996	1997	1998	1999	2000	NOTES: Column D is the	2002	2003*
—■— Traffic Sensitive	12.94%	12.23%	12.20%	12.34%	15.12%	12.93%	11.73%	12.74%	12.78%	13.47%
—◆— Target	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%

* Preliminary 492 Form

Virgin Islands Rate-of-Return (FCC form 492 data)

Exhibit A-5

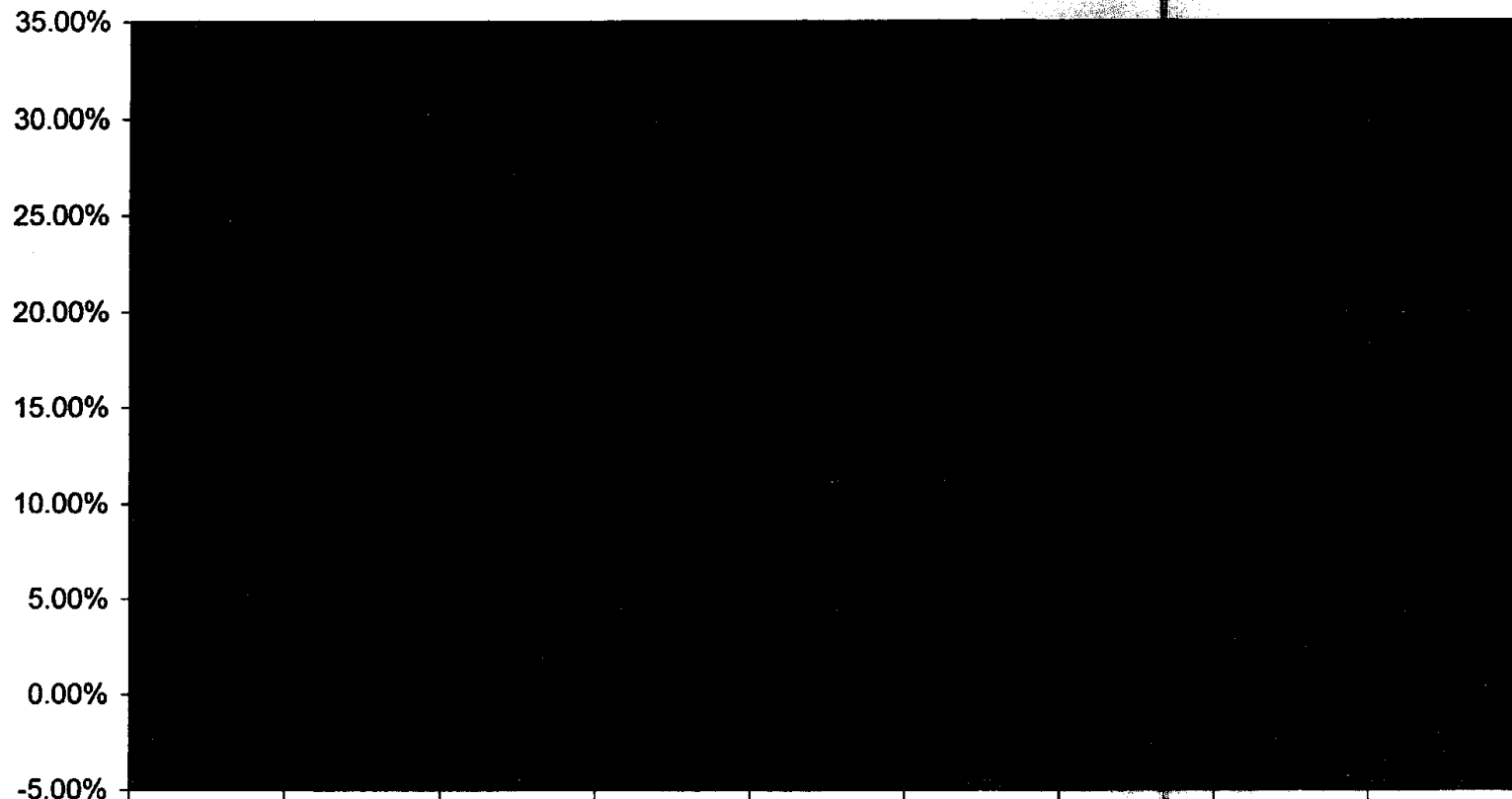


	1995	1996	1997	1998	1999	2000	2001	NOTES: Column D is the	2003*
—■— Special Access	18.84%	17.00%	13.56%	13.82%	19.14%	14.28%		21.75%	
—◆— Target	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%

* Preliminary 492 Form

**Virgin Islands Rate-of-Return
(FCC form 492 data)**

Exhibit A-6

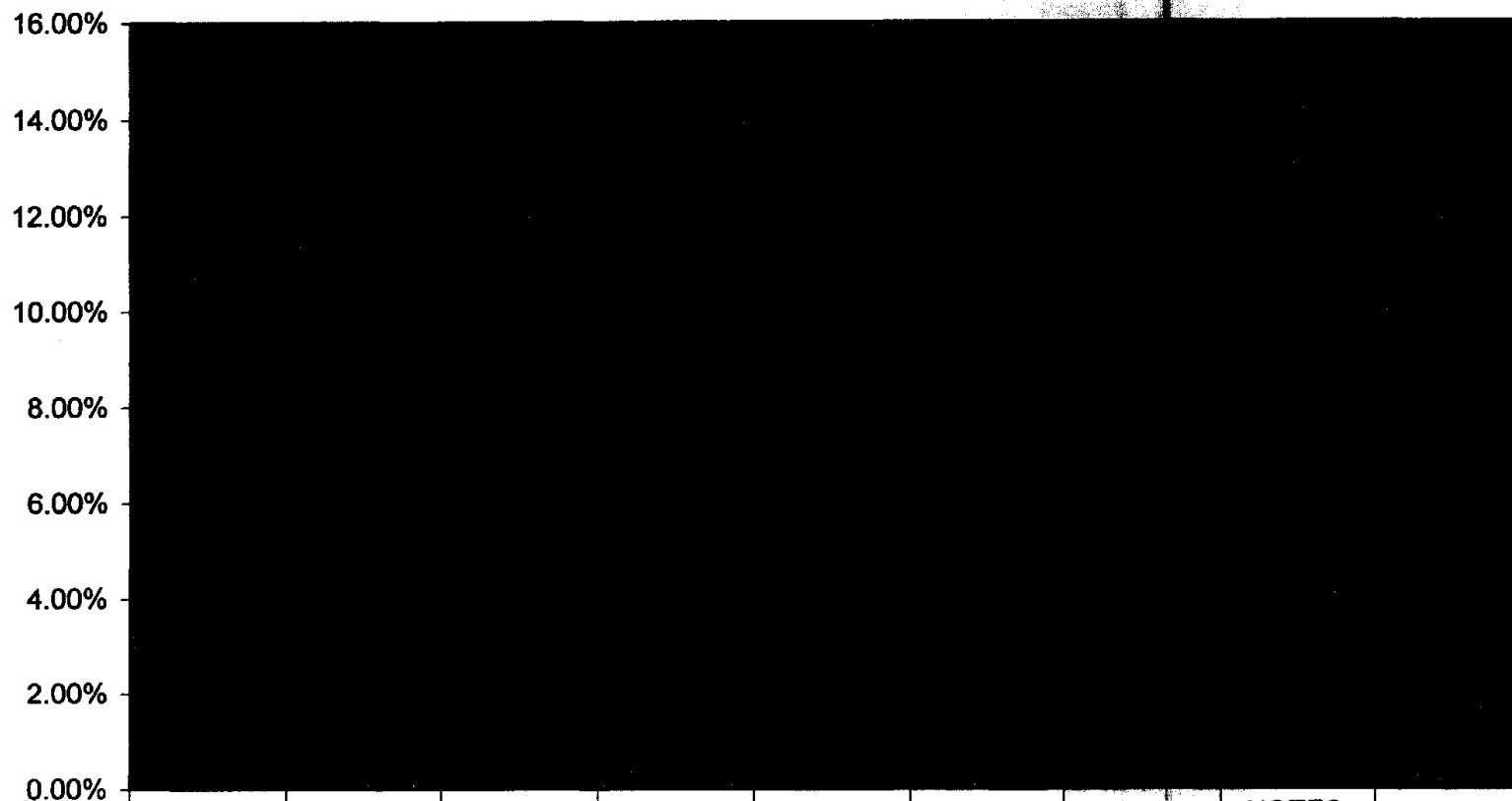


	1995	1996	1997	1998	1999	2000	2001	NOTES: Column D is the	2003*
■ Traffic Sensitive	6.96%	13.03%	18.00%	29.77%	28.40%	-0.78%		-0.43%	
◆ Target	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%

* Preliminary 492 Form

Alltel Arkansas Rate-of-Return (FCC form 492 data)

Exhibit A-7

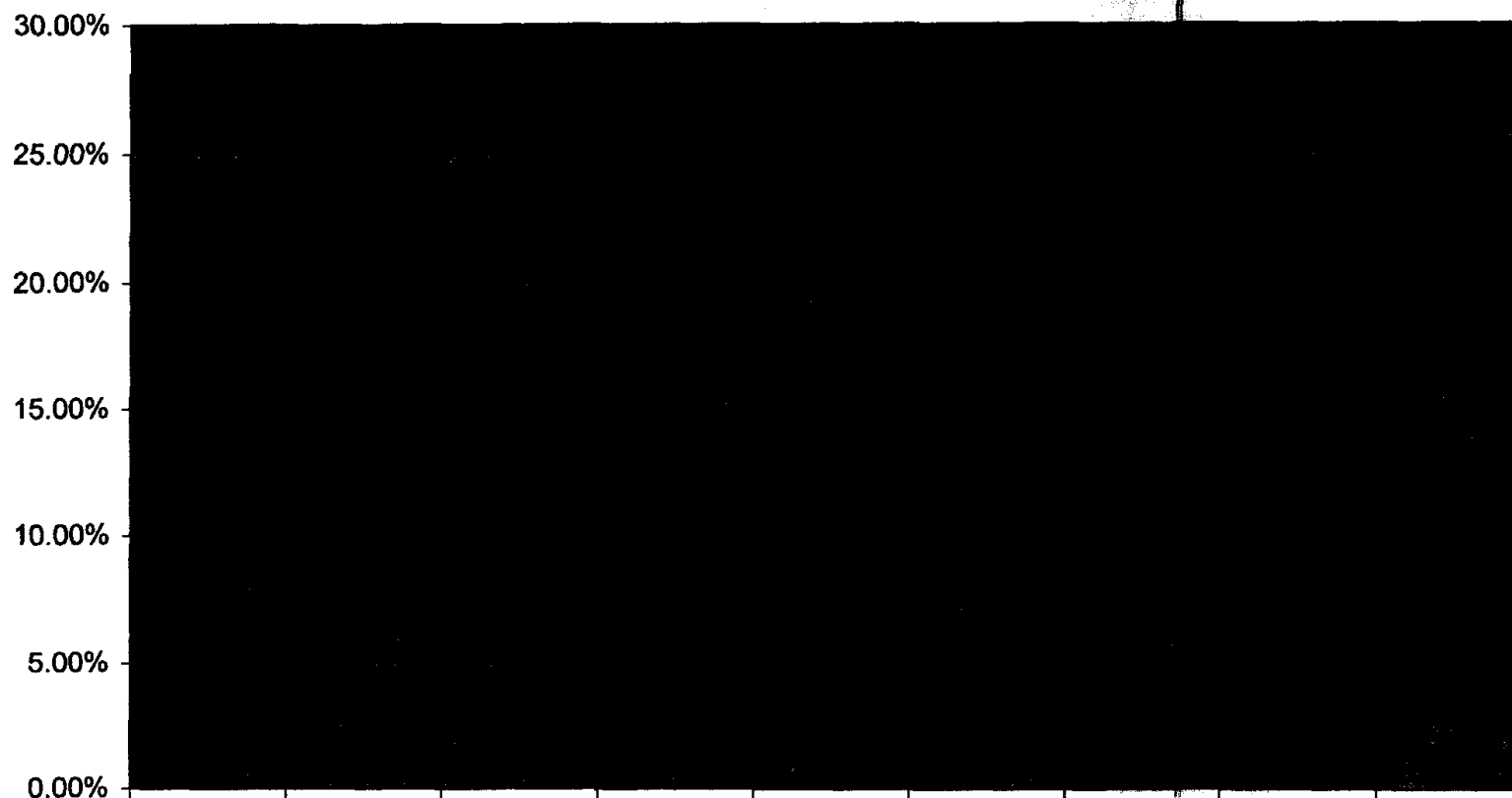


	1995	1996	1997	1998	1999	2000	2001	NOTES: Column D is the	2003*
—■— Special Access				14.20%	11.49%	12.61%	12.89%	12.31%	11.75%
—◆— Target	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%

* Preliminary 492 Form

Alltel Florida Rate-of-Return (FCC form 492 data)

Exhibit A-8

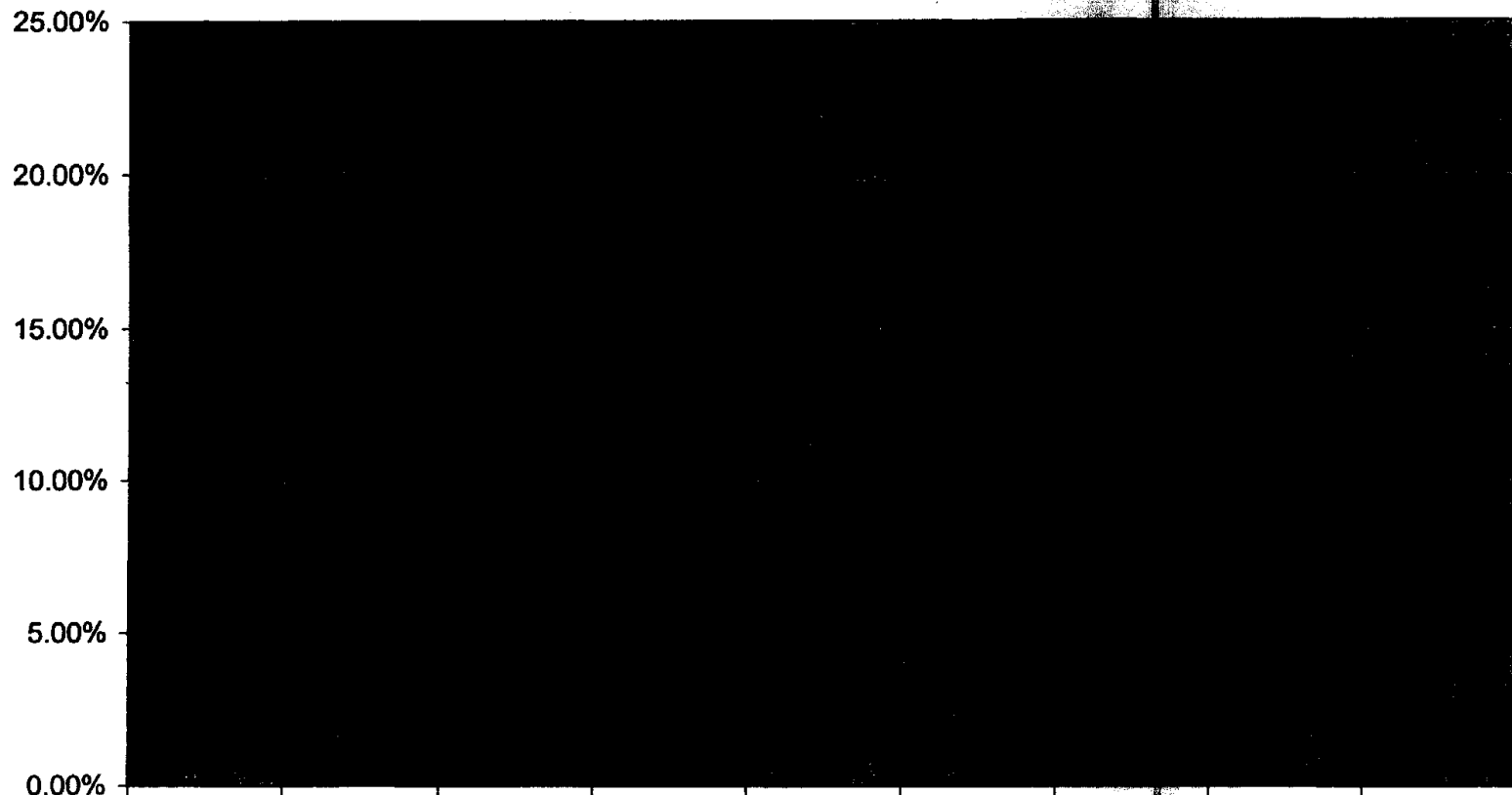


	1995	1996	1997	1998	1999	2000	2001	NOTES: Column D is the	2003*
—■— Special Access	18.11%	26.89%	24.99%	24.00%	10.18%	12.85%	6.56%	5.76%	17.47%
—●— Target	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%

* Preliminary 492 Form

Alltel Missouri Rate-of-Return (FCC form 492 data)

Exhibit A-9

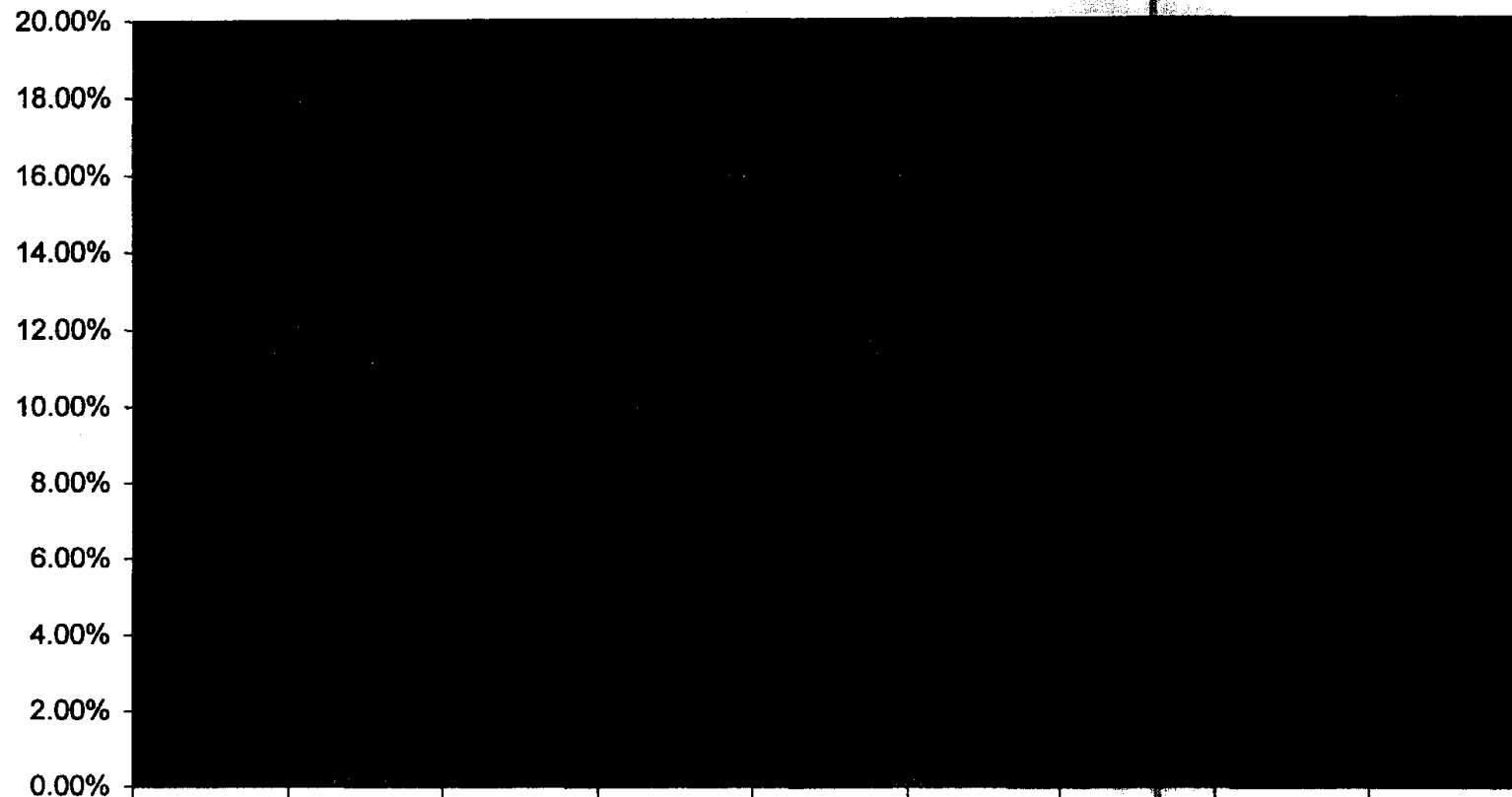


	1995	1996	1997	1998	1999	2000	2001	NOTES: Column D is the	2003*
■ Special Access	19.09%	16.36%	10.15%	17.05%	11.34%	22.11%	13.40%	12.72%	12.64%
◆ Target	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%

• Preliminary 492 Form

Alltel Missouri Rate-of-Return (FCC form 492 data)

Exhibit A-10

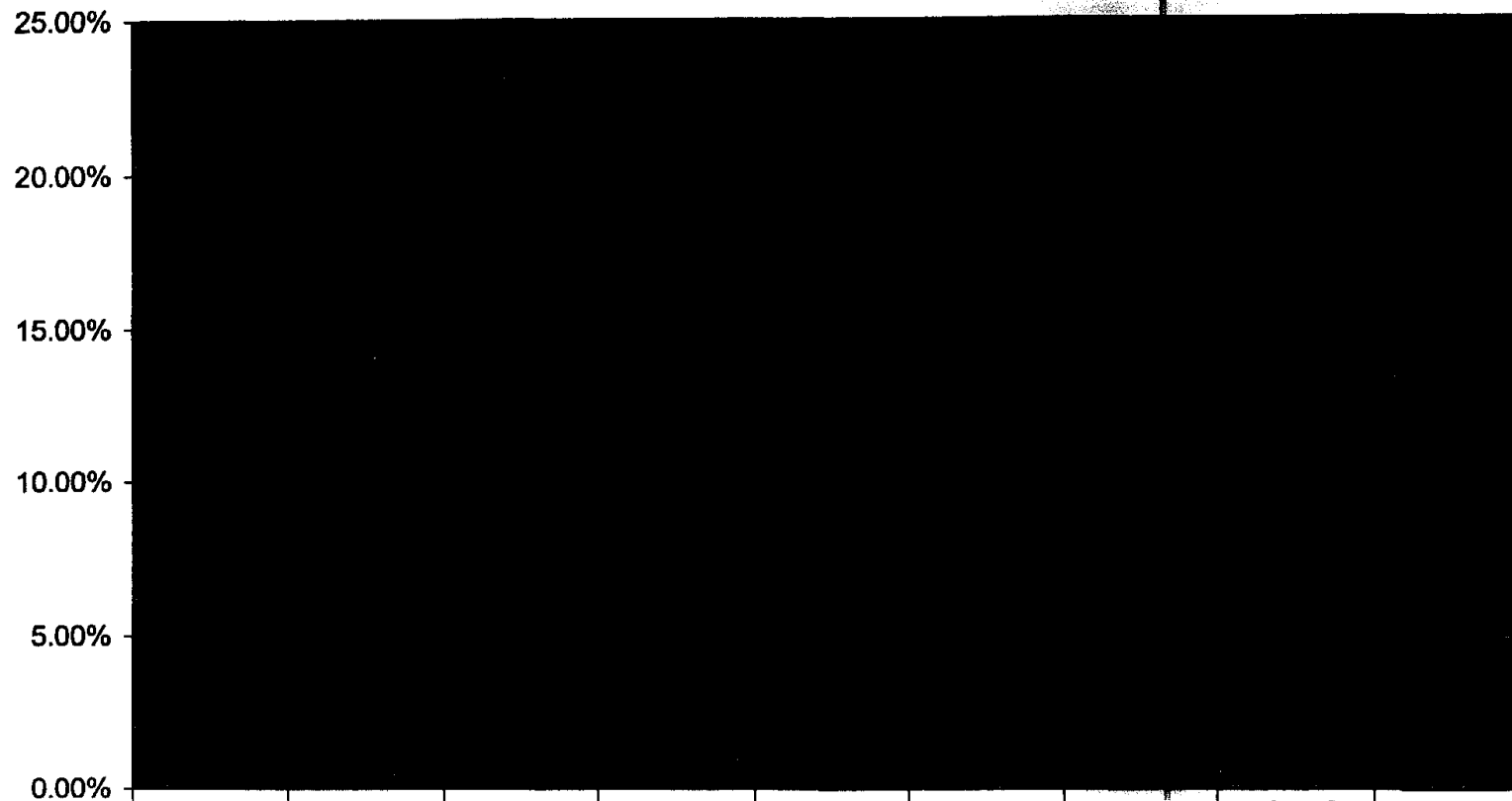


	1995	1996	1997	1998	1999	2000	2001	NOTES: Column D is the	2003*
■ Traffic Sensitive	14.59%	18.70%	14.63%	13.99%	11.99%	12.85%	12.24%	11.99%	11.94%
◆ Target	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%

* Preliminary 492 Form

Alltel New York Rate-of-Return (FCC form 492 data)

Exhibit A-11

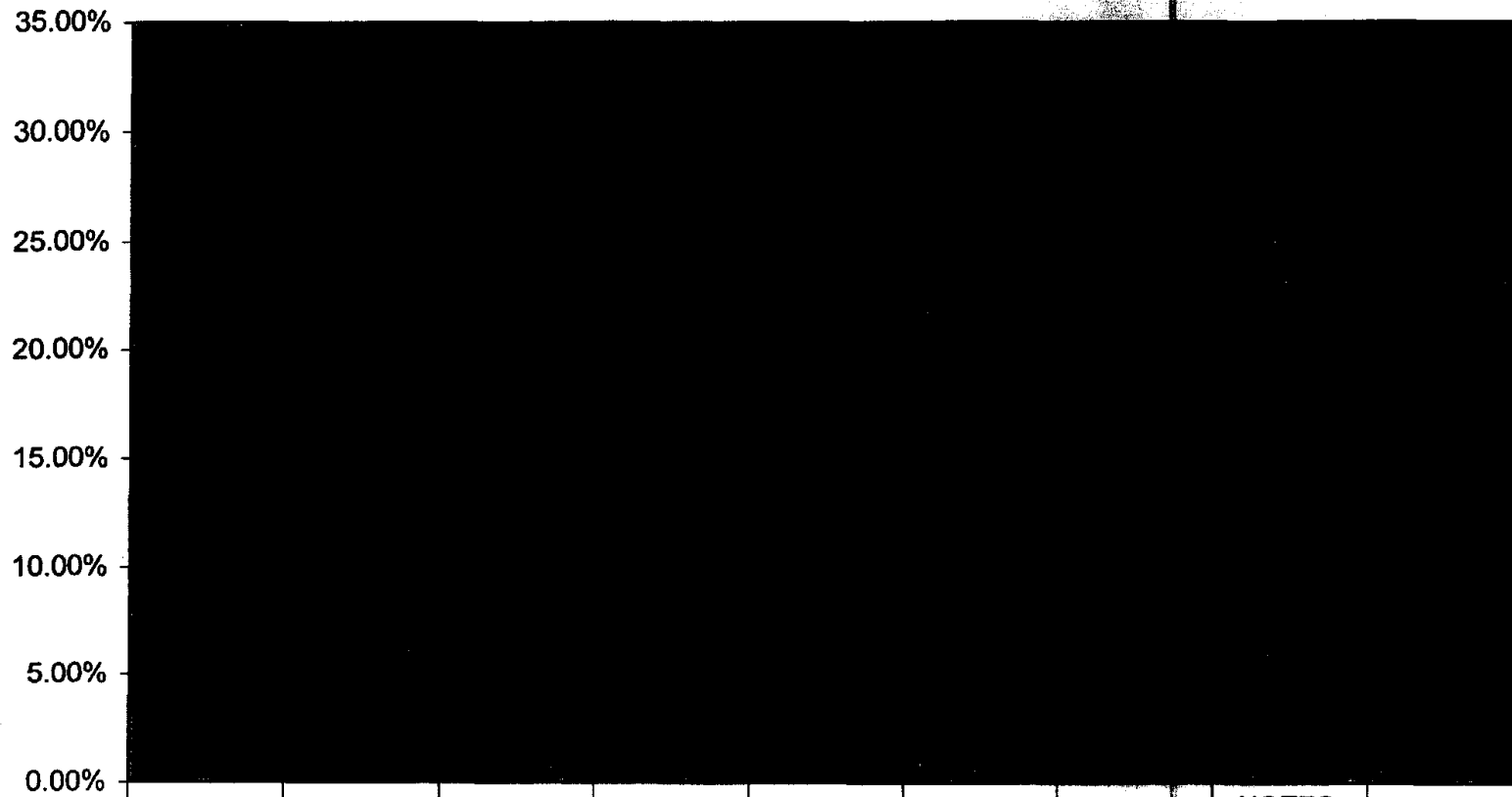


	1995	1996	1997	1998	1999	2000	2001	NOTES: Column D is the	2003*
■ Traffic Sensitive	11.82%	13.92%	20.49%	15.33%	10.41%	15.12%	12.78%	20.55%	8.96%
◆ Target	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%

*** Preliminary 492 Form**

Alltel Oklahoma Rate-of-Return (FCC form 492 data)

Exhibit A-12

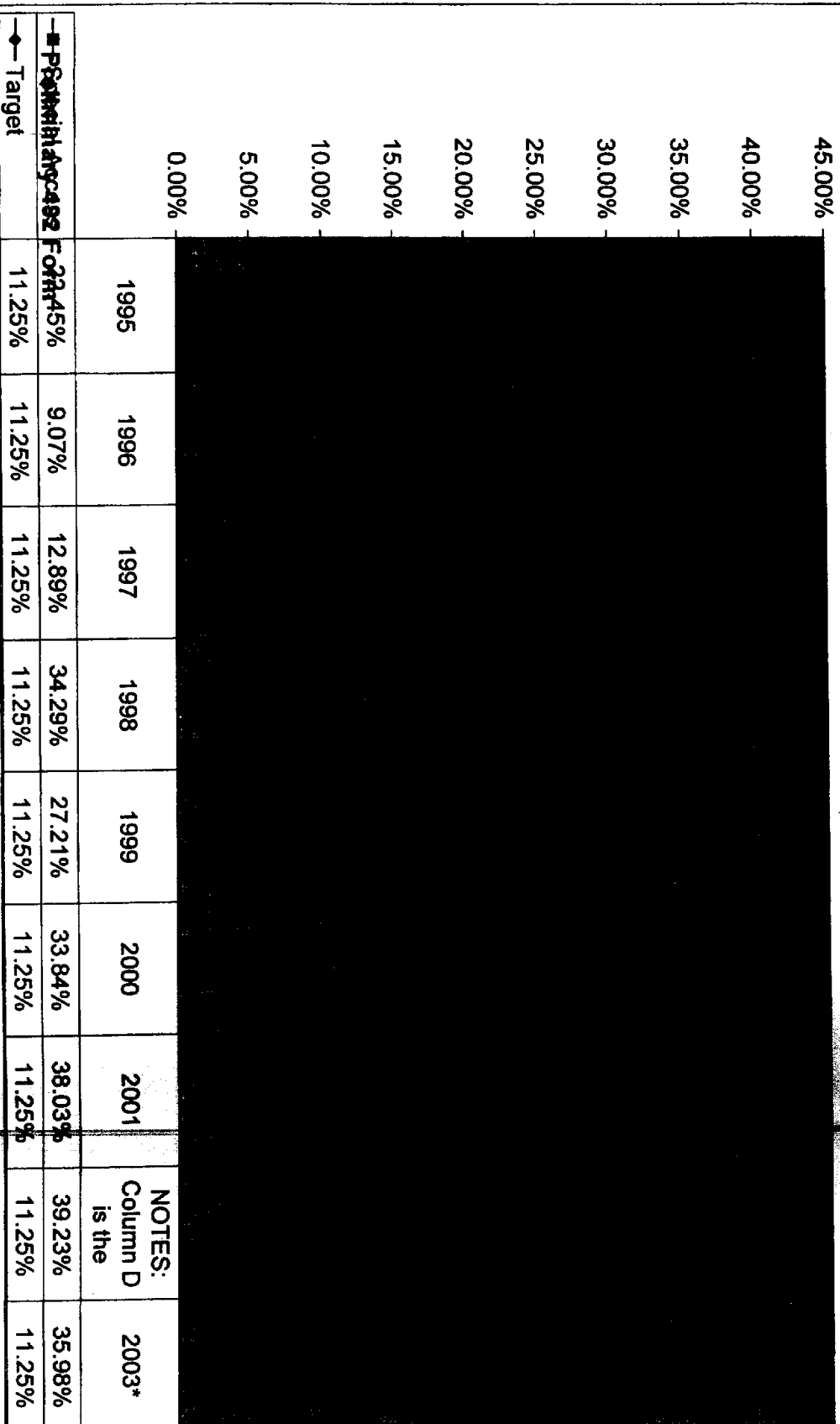


	1995	1996	1997	1998	1999	2000	2001	NOTES: Column D is the	2003*
■ Special Access	29.61%	22.35%	15.70%	15.88%	11.92%	12.05%	13.82%	11.18%	10.37%
◆ Target	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%

*** Preliminary 492 Form**

JSI - Concord Rate-of-Return (FCC form 492 data)

Exhibit A-13

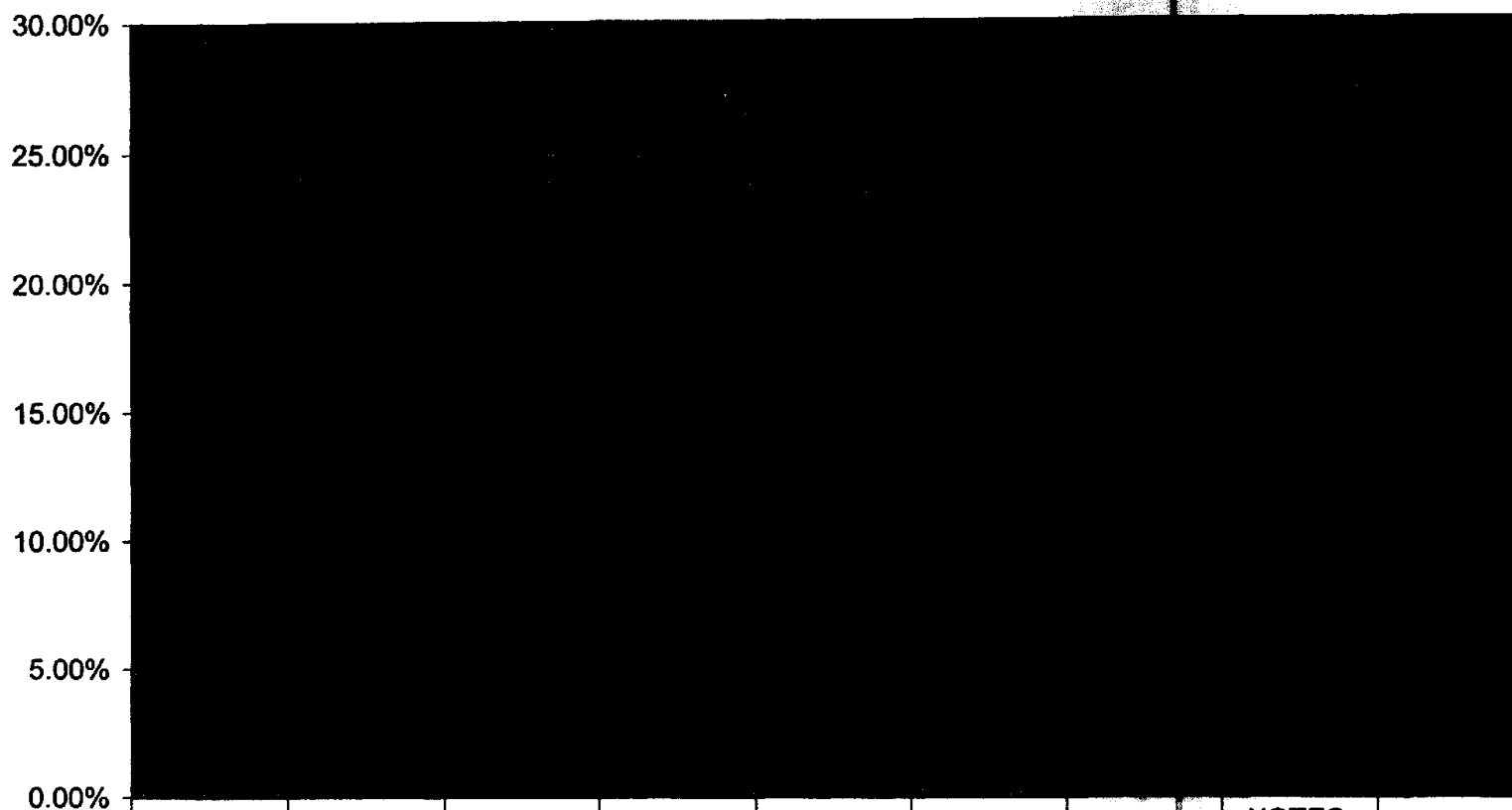


NOTES:
Column D
is the

■ Current Rate of Return	34.45%
--- Target	11.25%

JSI - Concord Rate-of-Return (FCC form 492 data)

Exhibit A-14



	1995	1996	1997	1998	1999	2000	2001	NOTES: Column D is the	2003*
—■— Traffic Sensitive	15.97%	21.67%	17.41%	20.65%	15.56%	19.86%	7.47%	17.91%	24.17%
—◆— Target	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%

*** Preliminary 492 Form**

Exhibit B

2003 Period Rate-of-Return Over Earnings*(Dollar Amounts in Thousands)*

March 2004 FCC Form 492 Data Results

A	B	C	D	E	F = C + E	G	H
Chillicothe	44.26%	\$953	15.96%	\$61	\$1,014	18.36%	\$1,214
Virgin Island/Vitelco	43.06%	\$727	23.46%	\$1,232	\$1,959	15.88%	\$1,959
NECA	17.08%	\$26,394	13.47%	\$23,786	\$50,180	13.05%	\$83,174
Alltel AR	11.74%	\$18	18.14%	\$798	\$817	13.36%	\$1,216
Alltel FL	17.45%	\$339	10.73%	\$0	\$339	13.48%	\$523
Alltel Missouri	12.65%	\$57	11.96%	\$20	\$77	12.46%	\$353
Alltel NY	13.89%	\$282	8.98%	\$0	\$282	12.47%	\$443
Alltel OK	10.37%	\$0	11.70%	\$6	\$6	11.97%	\$159
TXU	31.79%	\$1,981	24.70%	\$471	\$2,452	15.11%	\$2,452
Fort Bend Telephone CO./TXU	123.46%	\$1,232	19.19%	\$498	\$1,729	14.42%	\$1,729
Concord/JSI	35.98%	\$1,734	24.17%	\$517	\$2,251	18.59%	\$2,251
Farmers/JSI	22.41%	\$536	9.07%	\$0	\$536	11.95%	\$536
Horry/JSI	25.52%	\$1,115	4.40%	\$0	\$1,115	11.01%	\$1,115
Warwick Valley */JSI	11.66%	\$0	14.58%	\$200	\$200	13.05%	\$204
Odin Telephone Exchange Inc.	43.66%	\$70	-3.90%	\$0	\$70	8.92%	\$70
El Paso Telephone Co.	67.21%	\$52	27.08%	\$23	\$75	25.56%	\$78
Coastal Utilities Inc.	33.17%	\$1,095	13.90%	\$136	\$1,231	17.55%	\$1,231
TOTAL					\$64,333		\$98,708

* Company has their own common line rate, and is not part of the NECA Common Line Pool.

NECA's Cumulative Returns Continue to Exceed 11.25%**NECA SPECIAL ACCESS**

492 Reported Returns

A	B	C	D
Monitoring period	First Reported Year	Second Reported Year	Final Reported Value
1995/1996	12.46%	12.17%	11.41%
1997/1998	11.42%	8.92%	9.69%
1999/2000	15.53%	14.01%	11.48%
2001/2002	17.76%	14.52%	12.57%
2003	17.08%		

NECA SWITCHED ACCESS

492 Reported Returns

A	B	C	D
Monitoring period	First Reported Year	Second Reported Year	Final Reported Value
1995/1996	12.23%	12.64%	12.22%
1997/1998	12.34%	14.06%	13.67%
1999/2000	12.93%	12.53%	12.34%
2001/2002	12.74%	12.62%	12.76%
2003	13.47%		

NOTE: NECA Reports pool results for the first year of a monitoring period once (Column B). The NECA 492 filed in March of the odd years provides a preliminary cumulative result for the two year period (Column C). The 492 filed in September contains the final cumulative value (Column D).

Exhibit C

Comparison of Corporate Operations Expense

Companies with more than 100,000 Access Lines

				a	b	c=b/a	d	e=d/a	f=(L1d- L15c)/L15c
						Tot Comp	As Filed	2004/2005	
					Tot Company	Corp Ops	2004/2005	Tot Comp	Percent
Ln	SAR ID	ST	SAR ABBR	Cat 1.3 Lps	Corp Op Exp	per Loop	Tot Company Corp Op Exp	Corp Ops per Loop	Difference from Average
100K to 350,000 Access Lines:									
1	442109	TX	TXU COMMUNICATIONS (CCTX)	124,135	\$19,996,982	\$161.09	\$22,789,419	\$183.59	173.88%
2	542334	CA	ROSEVILLE TEL CO	134,361	\$17,233,716	\$128.26		Did Not File	
3	633200	PR	P R T C - CENTRAL	179,520	\$17,787,737	\$99.08		Did Not File	
4	230474	NC	CONCORD TEL CO	119,273	\$8,790,880	\$73.70	\$12,105,378	\$101.49	
5	613000	AK	ACS OF ANCHORAGE	180,407	\$12,368,922	\$68.56		Did Not File	
6	522408	WA	CENTURYTEL WASHINGTO	183,869	\$10,906,447	\$59.32		Did Not File	
7	421151	MO	SPECTRA COMM. GROUP	130,658	\$7,492,115	\$57.34		NECA Participant	
8	223037	GA	ALLTEL GEORGIA COMM.	341,914	\$19,215,056	\$56.20	\$19,744,928	\$57.75	
9	401691	AR	ALLTEL ARKANSAS INC	109,505	\$5,935,819	\$54.21	\$5,355,710	\$48.91	
10	401142	AR	CENTURYTEL NW-AR-RUS	113,820	\$5,858,374	\$51.47		NECA Participant	
11	300666	OH	WESTERN RESERVE TEL	189,781	\$9,555,582	\$50.35	\$8,819,080	\$46.47	
12	300665	OH	ALLTEL OHIO INC.	137,487	\$6,592,964	\$47.95		NECA Participant	
13	170176	PA	ALLTEL PENNSYLVANIA	241,455	\$11,279,365	\$46.71	\$11,972,605	\$49.59	
14	230476	NC	ALLTEL CAROLINA-NO	235,711	\$9,330,935	\$39.59	\$9,449,585	\$40.09	
15			Average Corp Ops Exp/Loop	2,421,896	\$162,344,894	\$67.03			

Source: 2003 NECA USF Submission released October 1, 2003 for 2002 Data

Comparison of Corporate Operations Expense
Companies with 50,000 to 99,999 Access Lines

			a	b	c=b/a	d	e=d/a	f=(L1d-L33c)/L33c, etc.
				Tot Company	Tot Comp	As Filed	2004/2005	
				Corp Op Exp	Corp Ops	Tot Company	Tot Comp	Percent
SAR_ID	ST	SAR_ABBR	Cat 1.3 Lps	Corp Op Exp	per Loop	Corp Op Exp	per Loop	Difference
								fm Average
50K to 99,999 Access Lines:								
1	240523	SC HARGRAY TEL CO	55,677	\$13,336,755	\$239.54	\$13,375,766	\$240.24	207.73%
2	643300	VI VITELCO-INNOVATIVE	69,369	\$12,175,908	\$175.52	\$14,508,061	\$209.14	167.90%
3	240520	SC FARMERS TEL COOP	60,316	\$9,218,801	\$152.84	\$9,972,219	\$165.33	111.78%
4	432018	OK PIONEER TEL COOP INC	54,622	\$8,118,112	\$148.62		NECA Participant	
5	613015	AK MATANUSKA TEL ASSOC	61,641	\$6,957,152	\$112.87		NECA Participant	
6	613010	AK ACS-N GLACIER STATE	54,304	\$6,101,646	\$112.36		NECA Participant	
7	240542	SC ROCK HILL TEL CO	56,274	\$5,909,791	\$105.02		Did Not File	
8	250298	AL GULF TEL CO - AL	57,219	\$5,950,717	\$104.00		Did Not File	
9	290575	TN TENNESSEE TEL CO	67,693	\$6,624,882	\$97.87		NECA Participant	
10	240528	SC HORRY TEL COOP	94,530	\$9,118,690	\$96.46	\$8,006,594	\$84.70	
11	341037	IL IL CONSOLIDATED TEL	82,707	\$7,242,174	\$87.56		Did Not File	
12	663800	GU GUAM TEL. AUTH.	70,975	\$5,845,864	\$82.37		NECA Participant	
13	341057	IL GALLATIN RIVER COMM.	78,952	\$6,340,000	\$80.30		Did Not File	
14	532361	OR CENTURYTEL-EA OREGON	75,876	\$5,785,789	\$76.25		Did Not File	
15	462185	CO CENTURYTEL OF EAGLE	85,792	\$6,309,892	\$73.55		Did Not File	
16	401144	AR CENTURYTEL-CENTRAL A	84,718	\$5,362,519	\$63.30		NECA Participant	
17	220386	GA STANDARD TEL CO	82,208	\$4,980,883	\$60.59		NECA Participant	
18	300630	OH CENTURYTEL OF OHIO	82,981	\$4,957,520	\$59.74		Did Not File	
19	310702	MI CENTURY OF MICHIGAN	60,898	\$3,546,724	\$58.24		Did Not File	
20	331155	WI TELEPHONE USA OF WI	60,265	\$3,279,739	\$54.42		NECA Participant	
21	150109	NY ALLTEL NY-JAMESTOWN	50,015	\$2,580,384	\$51.79	\$2,392,208	\$47.83	
22	482249	MT CENTURYTEL-MONTANA	84,712	\$3,222,616	\$49.80		Did Not File	
23	330922	WI CENTURYTEL-MW-WI/NW	88,196	\$4,359,307	\$49.43		Did Not File	
24	421885	MO ALLTEL MISSOURI	69,399	\$3,364,931	\$48.49	\$2,901,375	\$41.81	
25	330924	WI CENTURYTEL-MW-KENDAL	90,623	\$4,332,880	\$47.81		Did Not File	
26	210336	FL ALLTEL FLORIDA INC.	94,573	\$4,519,696	\$47.79	\$4,130,689	\$43.68	
27	331159	WI CENTURYTEL-CENTRL WI	69,419	\$3,261,579	\$46.98		Did Not File	
28	220357	GA ALLTEL GEORGIA INC.	72,542	\$3,395,193	\$46.80	\$3,485,429	\$48.05	
29	223038	GA GEORGIA ALLTEL TELCO	98,109	\$4,418,220	\$45.03	\$4,564,727	\$46.53	
30	330895	WI CENTURYTEL-WISCONSIN	59,930	\$2,676,395	\$44.66		Did Not File	
31	442147	TX SUGAR LAND TEL CO	82,487	\$3,627,686	\$43.98	\$3,779,785	\$45.82	
32	240517	SC ALLTEL SO CAROLINA	60,938	\$2,467,382	\$40.49	\$2,410,150	\$39.55	
33		Average Corp Ops Exp/Loop	2,297,960	\$179,399,527	\$78.07			

* Vitelco Corp Ops based on interstate factor derived from 2002 P89 Corp Ops Exp divided by USF Tot Comp Corp Ops Expense applied to 2004/2005 P89 results (P36 not provided).

Source: 2003 NECA USF Submission released October 1, 2003 for 2002 Data

Comparison of Corporate Operations Expense

Companies with 25,000 to 49,999 Access Lines

				a	b	c=b/a	d	e=d/a	f=(L1d- L31c)/L31c, etc.
					Tot Company	Tot Comp	As Filed	2004/2005	
					Corp Op Exp	Corp Ops	Tot Company	Tot Comp	Percent
Ln	SAR ID	ST	SAR ABBR	Cat 1.3 Lps	Corp Op Exp	per Loop	Corp Op Exp	per Loop	Difference
fm Average									
25K to 49,999 Access Lines:									
1	442072	TX	FORT BEND TEL CO	45,423	\$7,910,665	\$174.16	\$8,661,122	\$190.68	112.28%
2	371577	NE	GREAT PLAINS COMMUN	32,760	\$5,690,356	\$173.70		Did Not File	
3	442083	TX	GUADALUPE VALLEY TEL	41,641	\$7,004,496	\$168.21		NECA Participant	
4	300597	OH	THE CHILLICOTHE TEL	36,847	\$6,121,084	\$166.12	\$6,814,102	\$184.93	105.88%
5	442068	TX	EASTEX TEL COOP INC	33,896	\$4,615,095	\$136.15		NECA Participant	
6	270429	LA	EAST ASCENSION TEL	40,762	\$4,762,294	\$116.83		Did Not File	
7	150084	NY	TACONIC TEL CORP	29,677	\$3,114,197	\$104.94		NECA Participant	
8	220356	GA	COASTAL UTILITIES	40,127	\$4,169,801	\$103.92		Did Not File	
9	230483	NC	LEXCOM TELEPHONE CO.	32,138	\$3,306,310	\$102.88		Did Not File	
10	613008	AK	ACS-FAIRBANKS, INC.	44,041	\$4,175,668	\$94.81		NECA Participant	
11	103313	ME	NORTHLAND TEL CO-ME	26,022	\$2,203,697	\$84.69		NECA Participant	
12	270434	LA	CENTURYTEL-EVANGELIN	37,195	\$2,979,475	\$80.10		NECA Participant	
13	613012	AK	ACS-AK JUNEAU	27,311	\$2,037,568	\$74.61		NECA Participant	
14	290571	TN	MILLINGTON TEL CO	27,217	\$2,002,793	\$73.59		Did Not File	
15	260418	KY	SOUTH CENTRAL RURAL	28,979	\$2,127,979	\$73.43		Did Not File	
16	290579	TN	TWIN LAKES TEL COOP	38,722	\$2,720,052	\$70.25		NECA Participant	
17	210339	FL	GTC, INC.	37,996	\$2,598,008	\$68.38		NECA Participant	
18	361445	MN	CENTURYTEL-MINNESOTA	30,857	\$2,083,914	\$67.86		Did Not File	
19	310671	MI	CENTURY TEL. MIDWEST	29,892	\$2,017,114	\$67.48		Did Not File	
20	330974	WI	WOOD COUNTY TEL CO	30,444	\$1,964,953	\$64.54		NECA Participant	
21	522412	WA	ELLENSBURG TEL CO	26,733	\$1,880,122	\$62.85		NECA Participant	
22	220351	GA	CAMDEN TEL & TEL CO	25,596	\$1,585,612	\$61.95		NECA Participant	
23	240531	SC	LANCASTER TEL CO	25,931	\$1,595,472	\$61.53		Did Not File	
24	442140	TX	CENTURYTEL-SAN MARCO	30,269	\$1,841,756	\$60.85		NECA Participant	
25	150106	NY	ALLTEL NY-FULTON	49,497	\$2,527,790	\$51.07	\$1,912,438	\$38.64	
26	442153	TX	TEXAS-ALLTEL, INC.	33,030	\$1,670,987	\$50.59	\$1,548,203	\$46.87	
27	330841	WI	CENTURYTEL-MW-WI(CENCOM)	29,454	\$1,472,278	\$49.99		Did Not File	
28	250302	AL	ALLTEL ALABAMA	28,211	\$1,407,025	\$49.88	\$1,398,481	\$49.57	
29	230468	NC	ATLANTIC MEMBERSHIP	40,683	\$2,000,085	\$49.16		Did Not File	
30	260402	KY	ALLTEL KENTUCKY	28,091	\$1,273,410	\$45.33	\$1,111,164	\$39.56	
31	Average Corp Ops Exp/Loop			1,009,442	\$90,670,056	\$89.82			

Source: 2003 NECA USF Submission released October 1, 2003 for 2002 Data

Comparison of Corporate Operations Expense
Companies with less than 1000 Access Lines

Exhibit C-4
1 of 3

			a	b	c=b/a	d	e=d/a	f=(L6d-L108c)/L108c, etc.
SAR_ID	ST	SAR_ABBR	Cat 1.3 Lps	Tot Company Corp Op Exp	Tot Comp Corp Ops per Loop	As Filed 2004/2005 Tot Company Corp Op Exp	2004/2005 Tot Comp Corp Ops per Loop	Percent Difference fm Average
1 to 999 Access Lines:								
1	623021 HI	SANDWICH ISLES COMM.	985	\$3,451,558	\$3,504.12		NECA Participant	
2	442073 TX	BORDER TO BORDER	111	\$340,097	\$3,063.94		NECA Participant	
3	452191 AZ	ACCIPITER COMM.	178	\$395,318	\$2,220.89		NECA Participant	
4	431831 OK	S. CENTRAL TEL - OK	409	\$594,656	\$1,453.93		Did Not File	
5	280456 MS	GEORGETOWN TEL CO	387	\$533,363	\$1,378.20		NECA Participant	
6	341060 IL	MOULTRIE INDEPENDENT	863	\$1,097,310	\$1,271.51	\$1,063,131	\$1,231.90	131.11%
7	457991 AZ	SADDLEBACK COMM CO	615	\$758,637	\$1,233.56		NECA Participant	
8	432029 OK	TERRAL TEL CO	280	\$318,256	\$1,097.43		NECA Participant	
9	552284 NV	BEEHIVE TEL CO - NV	141	\$154,435	\$1,095.28		Did Not File	
10	411852 KS	ZENDA TEL COMPANY	235	\$252,952	\$1,076.39		NECA Participant	
11	613028 AK	SUMMIT TEL & TEL - AK	260	\$278,501	\$1,071.16		NECA Participant	
12	532378 OR	TRANS-CASCADES TEL	231	\$244,250	\$1,057.36		NECA Participant	
13	371558 NE	HEMINGFORD COOP TEL	941	\$980,095	\$1,041.55		NECA Participant	
14	492066 NM	DELL TEL CO-OP - NM	451	\$458,915	\$1,017.55		NECA Participant	
15	442066 TX	DELL TEL. CO-OP - TX	781	\$772,462	\$1,015.06		NECA Participant	
16	542346 CA	PINNACLES TEL CO	277	\$268,088	\$967.83		NECA Participant	
17	403031 AR	SCOTT COUNTY TEL CO	120	\$107,786	\$898.05		NECA Participant	
18	512289 WY	CHUGWATER TEL CO	289	\$258,077	\$893.00		NECA Participant	
19	411829 KS	S & A TEL CO INC	943	\$816,273	\$865.61		NECA Participant	
20	462195 CO	SOUTH PARK TEL. CO.	163	\$134,200	\$823.31		NECA Participant	
21	371518 NE	ELSIE COMM., INC.	243	\$184,054	\$757.42		NECA Participant	
22	371540 NE	DILLER TEL CO	938	\$659,825	\$703.44		NECA Participant	
23	472233 ID	RURAL TEL CO - ID	651	\$452,341	\$694.84		NECA Participant	
24	532384 OR	MONITOR COOP TEL	743	\$515,257	\$693.48		NECA Participant	
25	462178 CO	AGATE MUTUAL TEL CO	160	\$110,387	\$689.92		NECA Participant	
26	341045 IL	LEAF RIVER TEL CO	615	\$422,609	\$687.17		Did Not File	
27	532376 OR	HELIUM TEL CO.	336	\$227,340	\$676.61		NECA Participant	
28	532375 OR	ROOME TELECOMM INC	794	\$535,342	\$674.23		NECA Participant	
29	462202 CO	ROGGEN TEL COOP CO	325	\$217,504	\$669.24		NECA Participant	
30	492259 NM	BACA VALLEY TEL CO	882	\$579,964	\$657.56		NECA Participant	
31	462201 CO	RICO TEL CO	189	\$118,166	\$625.22		NECA Participant	
32	411801 KS	MADISON TEL., LLC	804	\$501,948	\$624.31		NECA Participant	
33	351105 IA	AYRSHIRE FARMERS MUT	349	\$213,389	\$611.43		NECA Participant	
34	371597 NE	WAUNETA TEL CO	673	\$405,473	\$602.49		NECA Participant	
35	532360 OR	OREGON-IDAHO UTIL.	751	\$449,956	\$599.14		NECA Participant	
36	371587 NE	KEYSTONE-ARTHUR TEL	646	\$376,495	\$582.81		NECA Participant	
37	613025 AK	YUKON TEL CO INC	586	\$335,041	\$571.74		NECA Participant	
38	371597 NE	WARTMAN TEL EXCH INC	451	\$267,418	\$590.77		NECA Participant	
39	613002 AK	BETTLES TEL CO INC	201	\$113,736	\$565.85		NECA Participant	
40	300598 OH	MCCLURE TEL CO	805	\$452,412	\$562.00		NECA Participant	
41	371536 NE	CURTIS TEL CO	930	\$518,744	\$557.79		NECA Participant	
42	472423 ID	INLAND TEL-ID	386	\$208,703	\$540.68		NECA Participant	
43	371531 NE	CLARKS TELECOM CO.	977	\$511,078	\$523.11		NECA Participant	
44	462196 CO	PEETZ COOP TEL CO	231	\$118,483	\$512.91		NECA Participant	
45	512290 WY	ALL WEST COMM.-WY	350	\$178,814	\$510.90		NECA Participant	
46	411809 KS	MUTUAL TEL CO	502	\$255,491	\$508.95		NECA Participant	
47	391668 SD	KENNEBEC TEL CO	835	\$416,893	\$499.27		NECA Participant	
48	280457 MS	LAKE SIDE TEL. CO.	456	\$225,226	\$493.92		NECA Participant	
49	522442 WA	ST JOHN TEL CO	642	\$312,031	\$486.03		NECA Participant	
50	280466 MS	SLEDGE TEL CO	788	\$382,651	\$485.60		NECA Participant	
51	421929 MO	HOLWAY TEL CO	563	\$260,781	\$463.20		NECA Participant	
52	482241 MT	HOT SPRINGS TEL CO	876	\$401,079	\$457.85		NECA Participant	

Comparison of Corporate Operations Expense
Companies with less than 1000 Access Lines

Exhibit C-4
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			a	b	c=b/a	d	e=d/a	f=(L6d-L108c)/L108c, etc.
SAR_ID	ST	SAR_ABBR	Cat 1,3 Lps	Tot Company Corp Op Exp	Tot Comp Corp Ops per Loop	As Filed 2004/2005 Tot Company Corp Op Exp	2004/2005 Tot Comp Corp Ops per Loop	Percent Difference fm Average
53	411778	KS GORHAM TEL CO	341	\$155,979	\$457.42		NECA Participant	
54	442065	TX CUMBY TEL COOP INC	826	\$377,032	\$456.46		NECA Participant	
55	461835	CO SUNFLOWER TEL - CO	348	\$157,459	\$452.47		NECA Participant	
56	351316	IA UNITED FARMERS TEL	618	\$276,501	\$447.41		NECA Participant	
57	310714	MI OGDEN TEL CO	479	\$211,470	\$441.48		NECA Participant	
58	310734	MI WALDRON TEL CO	641	\$275,007	\$429.03		NECA Participant	
59	462188	CO FARMERS TEL CO - CO	586	\$248,378	\$423.85		NECA Participant	
60	462194	CO NUNN TEL CO	668	\$282,412	\$422.77		NECA Participant	
61	532392	OR PINE TEL SYSTEM INC.	996	\$402,148	\$403.76		NECA Participant	
62	120038	NH BRETTON WOODS TEL CO	836	\$335,926	\$401.83		NECA Participant	
63	532388	OR NORTH STATE TEL CO.	573	\$228,091	\$398.06		NECA Participant	
64	432008	OK MEDICINE PARK TEL CO	938	\$368,055	\$392.38		NECA Participant	
65	532369	OR EAGLE TEL SYSTEMS	474	\$185,836	\$392.06		NECA Participant	
66	361399	MN GRANADA TEL CO	288	\$107,743	\$374.11		NECA Participant	
67	300612	OH FARMERS MUTUAL TEL	476	\$177,264	\$372.40		NECA Participant	
68	341020	IL GRAFTON TEL CO	880	\$322,031	\$365.94	\$355,544	\$404.03	
69	391666	SD JEFFERSON TEL CO -SD	574	\$208,853	\$363.86		Did Not File	
70	432026	OK SW OKLAHOMA TEL CO	927	\$336,299	\$362.78		NECA Participant	
71	351327	IA WEBB-DICKENS TEL	445	\$160,598	\$360.89		NECA Participant	
72	503032	UT BEAR LAKE COMM	832	\$298,000	\$358.17		NECA Participant	
73	310737	MI WINN TEL CO	851	\$289,474	\$340.16		NECA Participant	
74	391679	SD STOCKHOLM-STRANDBURG	756	\$255,141	\$337.49		NECA Participant	
75	341048	IL MCNABB TEL CO	480	\$161,815	\$337.11		Did Not File	
76	351229	IA LOST NATION-ELWOOD	703	\$234,539	\$333.63		NECA Participant	
77	341009	IL C-R TEL CO	979	\$321,278	\$328.17		NECA Participant	
78	320742	IN BLOOMINGDALE HOME	651	\$210,743	\$323.72		Did Not File	
79	351110	IA BERNARD TEL CO INC	564	\$182,306	\$323.24		NECA Participant	
80	310711	MI MIDWAY TEL CO	860	\$264,761	\$307.86		NECA Participant	
81	341091	IL WOODHULL COMMUNITY	782	\$239,539	\$306.32		NECA Participant	
82	532226	OR MIDVALE TEL EXCH -OR	274	\$82,691	\$301.79		NECA Participant	
83	421927	MO NEW FLORENCE TEL CO	543	\$162,183	\$298.68		NECA Participant	
84	361391	MN FELTON TEL CO. INC.	731	\$210,653	\$288.17		NECA Participant	
85	532404	OR ASOTIN TEL - OR	141	\$40,054	\$284.07		NECA Participant	
86	341066	IL ONEIDA TEL EXCHANGE	622	\$175,791	\$282.82		NECA Participant	
87	391667	SD KADOKA TELEPHONE CO	604	\$169,872	\$281.25		NECA Participant	
88	421807	MO MOKAN DIAL INC-MO	866	\$233,451	\$269.57		NECA Participant	
89	522437	WA PIONEER TEL CO	901	\$234,861	\$260.87		NECA Participant	
90	452226	AZ MIDVALE-AZ	716	\$179,112	\$250.16		NECA Participant	
91	442282	TX ENMR TEL COOP-TX	879	\$243,196	\$248.41		NECA Participant	
92	341012	IL FLAT ROCK TEL CO-OP	563	\$139,368	\$247.55		Did Not File	
93	341093	IL YATES CITY TEL CO	560	\$136,044	\$242.94	\$179,846	\$321.15	
94	552220	NV FILER MUTUAL TEL -NV	687	\$154,829	\$225.37		NECA Participant	
95	361383	MN EAGLE VALLEY TEL CO	697	\$152,621	\$218.97		NECA Participant	
96	361374	MN ARROWHEAD COMM CORP	784	\$158,045	\$201.59		NECA Participant	
97	532377	OR HOME TELEPHONE CO	830	\$138,870	\$167.31		NECA Participant	
98	542322	CA HORNITOS TEL CO	666	\$102,941	\$154.57		NECA Participant	
99	421934	MO ORCHARD FARM TEL CO	834	\$106,826	\$128.09		NECA Participant	
100	220338	GA QUINCY TEL CO-GA DIV	800	\$97,593	\$121.99		NECA Participant	
101	100007	ME ISLAND TEL CO	729	\$77,858	\$106.80		NECA Participant	
102	432034	OK WYANDOTTE TEL CO	823	\$83,905	\$101.95		NECA Participant	
103	150114	NY ORISKANY FALLS TEL	730	\$71,880	\$98.47		NECA Participant	
104	320788	IN MERCHANTS & FARMERS	653	\$60,881	\$92.93		NECA Participant	
105	522417	WA HAT ISLAND TEL CO	115	\$8,936	\$77.70		NECA Participant	
106	552223	NV CENTURY-DIAL STATE-NV	512	\$34,251	\$66.90		Did Not File	